

Audi Capital Company (A Saudi Closed Joint Stock Company)

Special Purpose Report on the Schedule of Capital Adequacy

31 DECEMBER 2014

**INDEPENDENT AUDITORS' SPECIAL PURPOSE REPORT
TO THE BOARD OF DIRECTORS OF AUDI CAPITAL COMPANY
ON THE SCHEDULE OF CAPITAL ADEQUACY**

Scope of Audit

We have audited the accompanying schedule of Capital Adequacy (the "Schedule") setting out the calculation of minimum capital required and capital adequacy ratios of Audi Capital Company (the "Company") as at 31 December 2014. The Schedule is the responsibility of the Company's management and has been prepared by them in accordance with the Prudential Rule issued by the Capital Market Authority ("CMA") on capital adequacy (the "Rules") and submitted to us with all necessary information and explanations, which we required.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia and included such tests of the accounting records and other procedures as we considered necessary to obtain a reasonable degree of assurance to enable us to express an opinion on the Schedule.


Unqualified Opinion

In our opinion, the accompanying Schedule, presents fairly, in all material respects, the calculation of minimum capital required and capital adequacy ratios of the Company as at 31 December 2014, in accordance with the Rules issued by the CMA.

Emphasis of a Matter

This report is issued solely for the Company's compliance with the requirements of the Rules issued by the CMA, and is not intended to be, and should not be used for any other purposes or to be distributed to any other parties.

For Ernst & Young


Rashid S AIRashoud
Certified Public Accountant
Registration No. 366



Riyadh: 4 Jumad Al Awal 1436 H
(24 March 2015)

Audi Capital Company
(A Saudi Closed Joint Stock Company)

Schedule of Capital Regulatory Requirements and Capital Adequacy Ratio
For the year ended 31 December 2014

Capital Market Authority has issued Prudential Regulations (the "Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H) pursuant to Royal Decree No. M/30 dated 2/6/1424H. According to the Rules, CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under Pillar I.

In accordance with this methodology, Audi Capital Company (the "Company") has calculated its minimum capital required and capital adequacy ratios as follows:

	<i>2014</i> <i>SR '000</i>	<i>2013</i> <i>SR '000</i>
Capital Base:		
Tier 1 Capital	120,399	318,756
Tier 2 Capital	9,653	6,653
Total Capital Base	130,052	325,409
Minimum Capital Requirement:		
Market Risk	10,198	35,086
Credit Risk	72,304	205,313
Operational Risk	11,122	8,486
Total Minimum Capital Required	93,624	248,885
Capital Adequacy Ratio:		
Total Capital Ratio	1.39	1.31
Tier 1 Capital Ratio	1.29	1.28
Surplus in the capital	36,428	76,524

- a) Capital base of the Company is comprised of:
- **Tier-1 capital** consists of paid-up share capital, statutory reserve and audited retained earnings, reserves excluding revaluation reserves.
 - **Tier-2 capital** consists of revaluation reserves.
- b) The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in part 3 of the Prudential Rules.
- c) As specified in the rules, the Company is required to maintain a capital adequacy ratio not less than the capital base.
- d) The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.
- e) The Company discloses on annual basis certain information as per Pillar III of the Prudential Rules for public on the Company's website (www.audicapital.com). However, these are not subject to review or audit by the external auditors of the Company.